

NORTH CAROLINA EDUCATION LOTTERY
LOTTERY DRAWING SHOW PRODUCTION AND TELEVISION SERVICES
QUESTIONS AND ANSWERS (RFP # LC000004)

D1. It is our experience that TV Stations prefer animated produced drawings to mechanical ball draws. This is due to the fact that the costs are reduced since there is no need for talent, reduced studio space, no sets, and in addition more entertaining broadcasts. Would the North Carolina Lottery entertain the option of using a Random Animated Digital Drawing System for their drawing broadcasts?

This RFP is not for drawing equipment; it is for Drawing Show Production and Televising Services and Vendor stations. The RFP for whatever equipment the NCEL elect's to procure will be issued later in the year.

D2. Does the Raleigh metro area allow for a station located in Durham to participate? (Section 1.1 and Section 5.1.2)

Yes, as long as the Vendor station covers the Raleigh ADI.

D3. Please explain cases of "emergency and certain promotional events" that would allow stations other than the selected station to carry the drawing live. (Section 1.3 a)

It is impossible to identify all emergency situations that might occur. However, as an example, if the power grid in all or a part of the Raleigh area went down, the Drawing Show would need to be moved to a location that could conduct and broadcast a live Drawing Show. Also, while nothing has been planned at this time, there is always the possibility that occasionally there may be a significant and important event in North Carolina at which it would be beneficial to the NCEL for there to be a Drawing Show.

D4. Please define "selected" as it refers to radio spots that will receive a TV station tag vs. those that will not. (Section 1.3 c and d)

Whenever possible in its radio spots promoting the Drawing Shows, the NCEL will include a Successful Vendor station tag. The NCEL is looking to facilitate and promote viewership of its Drawing Shows. Identifying the Successful Vendor station that carries the Drawing Shows is an important part of that effort.

D5. Also, please define “certain” as it refers to the appearance of TV station logos in point of sale materials. (Section 1.3 c and d)

Whenever possible in its point of sales materials promoting the Drawing Shows, the NCEL will include a Successful Vendor station logo. There are certain point of sales materials where the size or other limitations may preclude the NCEL from including the Successful Vendor station logos (e.g., certain “How To Play” brochures). However, the NCEL is looking to facilitate and promote viewership of its Drawing Shows. Identifying the Successful Vendor station that carries the Drawing Shows is an important part of that effort.

D6. Please specify, to the degree that you can, the estimated television ad budget in the Raleigh-Durham-Fayetteville market for years one through three or at least to the point that all lottery games are up and running. (Section 1.3 e)

It has not been determined as of this date. The details of the NCEL’s advertising budgets are still being developed and refined. However, the NCEL currently intends to specifically discuss the estimated television advertising budget in the Successful Vendor station’s ADI with the Successful Vendor station.

(a) Please specify the share of this budget that the selected station or primary station will receive.

It has not been determined as of this date. However, the NCEL is looking to form a close, favorable and mutually beneficial working relationship with each Successful Vendor station in each of the ADI’s.

(b) Will the NCEL obligate itself to a specific share or dollar amount from the ad budget that the selected station will receive?

The NCEL currently expects to discuss with the Successful Vendor station promotional matters that include the segment of the “media portion” of the advertising budget in the Successful Vendor’s ADI that will be spent with the Successful Vendor station.

(c) Will this agreed upon share dollar amount be communicated to your ad agency with assurance that they will fulfill it without debate?

The NCEL determines and approves all advertising buys.

(d) Does the ad budget available to the selected station include monies from instant games and any other game, as well as the live drawing games?

The start of online ticket sales is 2 months away and instant ticket sales have only recently begun. As a result, the respective advertising strategies, levels of expenditures and specific allocations between instant and online games have not been determined as of this date. The NCEL will finalize its strategies and buys as time goes by, and it will also refine and modify its strategies and buys based on the its experiences and results.

D7. What calendar period do you want us to submit ratings data for? (Section 4.6)

Please provide the requested ratings data for the last four (4) Nielsen ratings books, including the ratings book for February, 2006.

D8. Can you be more specific as to what demographic age groups you would like us to concentrate on? (Section 4.6)

In RFP Section 4.6, the NCEL is looking for the Vendor stations to provide the demographic information to describe their existing viewer base.

D9. Would the NCEL consider another time period other than 10:45pm — 11:45pm for its evening drawing? (Section 5.1.2)

The time of the live Powerball drawings is determined by the Multi-State Lottery Association, of which the NCEL is a part. That time has been agreed upon as 10:59 p.m. EST for all member lotteries of Powerball. In addition, the experience of most other lotteries is that evening drawings for their other online game Drawing Shows are best slotted in the 10:45-11:45 p.m. time frame both to attract the best viewership for the Drawing Show and Successful Vendor station and also to maximize the sales time for the respective lottery games. Thus, this time slot is win-win for both the Successful Vendor station and the NCEL.

D10. How many people are included in the NCEL's drawing show staff and its auditors? (Section 5.2.8)

Approximately 5 people. It will, by necessity, include NCEL security personnel and representatives of the independent Draw auditor selected by the NCEL.

- (a) What are the hours that they would be at the station?

For security, testing and validation purposes, they will likely need to be at the Successful Vendor station at least 3 hours before and at least 2 hours after each Drawing Show, provided there are no matters that require further work or attention.

- (b) Would this staff need access to these work stations at any time?

Because of security and integrity considerations, there is the possibility that the NCEL security personnel would need access to that area which contains the NCEL equipment and materials at any time. The NCEL will work cooperatively with the Successful Vendor station's security personnel to coordinate access requirements and procedures.

- (c) Does anyone from the NCEL staff or its auditors need to appear in the drawing telecasts?

Occasionally, a representative from the NCEL may need to briefly appear on the Drawing Show for a promotional matter; however, it is customary for at least one representative of the Draw Auditor to make an appearance at the beginning of each Drawing Show when it is announced who is auditing that particular Drawing Show. The Successful Vendor station is not responsible for compensating the Draw Auditor or any NCEL personnel.

D11. Can you provide more details on the possible sponsorship, including what ad categories the NCEL may find unsuitable? (Section 5.4.6)

The NCEL believes the Vendor stations in the State of North Carolina are very creative and are the most logical ones to identify imaginative suggestions as to what types of sponsorships they believe are most appropriate and can produce the best results for the NCEL and Vendor station. For example, under RFP Section 5.2.6, the Successful Vendor station will be required to purchase and arrange for satellite uplink transmission of the Drawing Shows for the various NCEL network stations in the other ADI's to downlink and telecast the Drawing Shows, and under RFP Section 5.2.9 some of these satellite and Drawing Show production and other costs may or may not, in the discretion of the NCEL, be required to be reimbursed by the various NCEL network stations in other ADI's. Thus, the various television

stations (both the Successful Vendor station and other NCEL network stations in the other ADI's) will incur costs, some of which could be recouped by NCEL approved sponsorships of the Drawing Shows.

When they are completed, the NCEL's Drawing Show sponsorship guidelines will conform to the Act and represent similarly traditional and conservative sponsorship policies. For example, there will be restrictions that exclude entities that: (i) target persons under 18 years old; (ii) promote gambling, gaming, "get rich quick schemes" or other products or services inconsistent with the goals and policies of the NCEL; (iii) have experienced legal problems.

D12. Does the option exist in the Raleigh metro for one station to produce the drawings and another to televise the drawings?

The RFP contemplates that the Successful Vendor station in the Raleigh-area ADI will both produce the Drawing Shows and televise them in that ADI.

D13. What rights does the "Drawing Show" station have with the lottery logo? Can it be utilized on cross-promotional material?

The NCEL is not able to grant to the Successful Vendor station legal rights or a license to the NCEL logo or trademarks. However, on a case by case basis, the NCEL can grant permission for the NCEL logo to be used in connection with advertising or promotion of the Drawing Shows and other approved cross-promotions. The NCEL is looking to form a close, favorable and mutually beneficial working relationship with each Successful Vendor station in each of the ADI's.

D14. Can the "Drawing Show" station stream the lottery selection on the station's web?

Yes, if by "lottery selection" you mean either the Drawing Show or the winning numbers from a Drawing Show. (See RFP Section 5.4.4) However, any such web-streaming of the Drawing Shows or winning numbers does not relieve the Successful Vendor station from telecasting the live Drawing Shows in their regularly scheduled time slots.

D15. Can the lottery "principle" talent be used for "Drawing Show" station self promotion?

Yes; however, to the extent that the "principle talent" promotion of the Successful Vendor station mentions his or her involvement in the

Drawing Shows, such promotion is subject to the reasonable prior approval of the NCEL.

D16. Can “Drawing Show” station take the lottery selection LIVE to other events?

The security and integrity of the Drawing Shows and Drawings are of paramount importance. As the answer to Question D3 identifies, there may be rare circumstances in which the NCEL moves the Drawing Show, but that decision rests with the NCEL.

D17. Can the drawing show be taped prior to 10:59 and aired at the requested time?

The Drawing Shows must be live and aired as the Drawing occurs, except in the exigent circumstances as outlined in the RFP. (See RFP Section 5.2.4)

D18. Can a station delay the local airing of the show by 30 seconds to one minute due to its network prime time schedule?

As stated in Section 5.1.2 of the RFP, the NCEL is seeking Vendor recommendations for programming time for optimal viewership; however, the Drawing Shows must be carried live, except in the exigent circumstances as outlined in the RFP. (See RFP Section 5.2.4)

D19. Can a station delay the local airing of the show due to network over-runs, ie NFL Football?

See Section 5.2.4 of the RFP.

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No Questions asked within the allotted time period in the RFP.